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### **Acronyms**

ADCS	Army Deputy Chief of Staff
AMC	Army Materiel Command
ARFORGEN	Army Forces Generation
ARI	Automatic Reset Induction
BCT	Brigade Combat Team
DARPL	Dynamic Army Resource Priority List
FORSCOM	U.S. Army Forces Command
FRAGO	Fragmentary Order
HBCT	Heavy Brigade Combat Team
SBCT	Stryker Brigade Combat Team
TI	Technical Inspection



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JAN 18 2008

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY  
ARMY DEPUTY CHIEF OF STAFF FOR LOGISTICS (G-4)

SUBJECT: Report on the Inspection Process of the Army Reset Program for Equipment  
for Units Returning From Operation Iraqi Freedom (Report No. D-2008-024)


We are providing this report for review and comment. We considered management comments on a draft of this report in preparing the final report.

Directive 7650.3 requires that all recommendations be resolved promptly. As a result of management comments, we redirected Recommendation 2. and renumbered Recommendations 1.a., 1.b., and 2. as 1., 2., and 3. We request that the Army Deputy Chief of Staff for Logistics (G-4) provide comments on Recommendation 3. by February 19, 2008.

If possible, please send management comments in electronic format (Adobe Acrobat file only) to AudLH@dodig.mil. Copies of the management comments must contain the actual signature of the authorizing official. We cannot accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, they must be sent over the SECRET Internet Protocol Router Network (SIPIRNET).

We appreciate the courtesies extended to the staff. Questions should be directed to Mr. Timothy M. Wimette at (703) 604-8876 (DSN 664-8876) or Mr. Douglas P. Ickes at (703) 604-8763 (DSN 664-8763). See Appendix E for the report distribution. The team members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

  
Robert F. Prinzbach II  
Acting Assistant Inspector General  
Readiness and Operations Support



## Department of Defense Office of Inspector General

Report No. D-2008-024

January 18, 2008

(Project No. D2006-D000LH-0246.000)

### The Inspection Process of the Army Reset Program for Equipment for Units Returning From Operation Iraqi Freedom

#### Executive Summary

**Who Should Read This Report and Why?** The subject of this report directly applies to the work of DoD civilian and military personnel responsible for the reset of equipment provided to the warfighter deployed in support of Operation Iraqi Freedom. This report not only identifies potential guidance shortfalls but also details actions the Army took in order to clarify policies and procedures executed during the reset process.

**Results.** The Army's technical inspection process for the reset of unit equipment returning from Operation Iraqi Freedom was generally effective. However, inconsistencies occurred among redeploying units in the conduct of technical inspections, the granting of exemptions from automatic reset induction, and the reporting of reset equipment. This happened because guidance was:

- contradictory on when and where units should perform technical inspections,
- nonexistent on exempting equipment from automatic reset induction, and
- insufficient on uniform reporting requirements for equipment undergoing the reset process.

As a result, approximately 35 units returning from Operation Iraqi Freedom in the coming years will not use a standard method for initiating repair or replacement. Items needing reset may be delayed in entering the national-level reset pool. Exempting equipment reduces availability and creates difficulties in the redistribution of equipment to higher priority units. Additionally, reset status reporting may not provide decision makers with complete and consistent information. (See Finding section for detailed recommendations.)

**Management Comments.** The Director of Maintenance, responding for the Army Deputy Chief of Staff for Logistics (G-4), concurred. The Director of Maintenance agreed to establish clear and consistent policy for when and where units will perform technical inspections and to establish uniform criteria for reporting reset progress in the FY 2008 Reset Fragmentary Order. The Director of the Internal Review and Audit Compliance Office, responding for the Commander of the U.S. Army Materiel Command, nonconcurred. The Director of Internal Review and Audit Compliance stated the recommendation should be redirected to the Army Deputy Chief of Staff for Logistics (G-4), who is responsible for the policy on the Automatic Reset Induction list. The Army Deputy Chief of Staff for Logistics (G-4) concurred with the intent of the recommendation and agreed to establish policy directing units to seek approval from U.S.

Army Materiel Command for exemptions of equipment from the Automatic Reset Induction list. As a result of the comments, we redirected the recommendation that dealt with exempting equipment from the Automatic Reset Induction list. A discussion of management comments is in the Finding section of the report, and the complete text of the comments is in the Management Comments section. The comments were responsive. However, we request that the Army Deputy Chief of Staff for Logistics (G-4) comment on redirected Recommendation 3. by February 19, 2008.

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## Background

**Reset.** Reset is a generic term that refers to a series of actions to restore units to a desired level of readiness given mission requirements and availability of resources. Reset actions include:

- Replacement – Buy new equipment to replace battle losses, washouts, obsolete equipment, and critical equipment deployed and left in theater.
- Recapitalization – Rebuild or repair equipment to a level that increases the performance specifications of the equipment or returns the equipment to a “zero mile/zero hour” level with original performance specifications.
- Repair – Rebuild or repair equipment to meet Army maintenance standards.

The U.S. Army Materiel Command (AMC) Reset Team conducts a site survey approximately 90 days before the reset start date. The site survey looks at maintenance capabilities, contractor capabilities, maintenance locations, and support provided by AMC. The unit’s goal is to return all equipment to full operational capability within 180 days of the unit’s designated reset start date for active Army components. The unit’s reset start date begins when the unit Commander determines that 85 percent of the unit’s equipment has arrived at the unit’s home station. See Appendix C for a diagram of the reset process.

**Technical Inspections.** Technical inspections (TIs) are performed on equipment as part of the reset program to estimate man-hours, to list specific parts required to repair the equipment, and to determine whether maintenance is required beyond the field level. Field-level reset is work performed to correct equipment faults as described in Technical Manuals for the equipment’s level of maintenance. Field-level reset work is implemented by the Major Army Commands, and is performed using soldier labor, augmented by contractor labor as required. This work is performed on or near the installation where the equipment is stationed. Field-level reset is performed using a maintenance transaction: equipment is turned in, repaired, and the same piece of equipment is returned to the unit. TIs are required for field-level reset items but are not required for items on the Automatic Reset Induction (ARI) list.

**Automatic Reset Induction.** The ARI list contains items that are automatically inducted into the national-level reset program. U. S. Army Forces Command (FORSCOM) and AMC have placed items on the ARI list because of expected extensive wear and tear experienced in theater, that requires refurbishment or rebuilding. The ARI list identifies equipment that will receive depot-level (national-level) maintenance. Units are required to put a minimum of 25 percent of their equipment on the ARI list so that it is inducted into the national-level reset program before they depart from theater. National-level reset is work performed to correct equipment faults that require more than field-level maintenance. National-level reset is performed by representatives at AMC

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depots, arsenals, or forward-deployed bases; by contractors; by installation maintenance staff; or by any combination of these. National-level reset is initiated through a supply transaction: the unit turns equipment into AMC for repair, the equipment is taken off the unit's property book, and the unit receives a similar piece of equipment in return.

**Maintenance Standards.** The Army executes national and field-level reset activities to repair units' equipment to Technical Manual 10/20 level standards. Two different standards for equipment repair consist of:

- Technical Manual 10/20 standards – all routine maintenance executed and all deficiencies repaired.
- Fully Mission Capable – equipment has no critical or safety deficiencies, but may have deficiencies that will need to be addressed in the longer term.

**Units Reviewed.** To assess the reset process, we selected seven Army units in various stages of the process. Included in the seven units was one unit currently deployed in Iraq, which had recently started their redeployment planning, however, had not begun shipping equipment with regard to the reset process.

- 1st BCT, 101st Airborne Division, Ft. Campbell, Kentucky
- 3rd BCT, 101st Airborne Division, Ft. Campbell, Kentucky
- 1st BCT, 10th Mountain Division, Ft. Drum, New York
- 1st BCT, 25th Infantry Division, Ft. Wainwright, Alaska
- 4th BCT, 3rd Infantry Division, Ft. Stewart, Georgia
- 3rd BCT, 2nd Infantry Division, Baghdad, Iraq
- 553rd Combat Support Battalion, Ft. Hood, Texas

**Army Materiel Command.** As executive agent for the Reset Program, AMC is the primary organization responsible for the execution of reset operations. AMC is also accountable for coordinating the efficient use of all reset capabilities and for providing necessary equipment for distribution by Army Deputy Chief of Staff (ADCS) for Programs (G-8) in support of predeployment training and equipment delivery dates and fielding timelines. AMC issued Fragmentary Orders (FRAGOs) to help define and establish a plan for reset.

**Army Sustainment Command.** The Army Sustainment Command assumed reset management responsibilities from AMC on October 1, 2006. Army Sustainment Command monitors and facilitates synchronization, planning, preparation, execution, rapid integration, and sourcing of Brigade Combat Team (BCT) reset requirements. Specifically, Army Sustainment Command provides asset visibility of the equipment as it moves through the reset process to detect

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delays and alerts depots when equipment is due in for maintenance. The Army Sustainment Command directly supports FORSCOM.

**Army Forces Command.** FORSCOM is responsible for establishing the field-level reset equipment repair priorities and requirements as well as equipment requirements and training needs for the units that are scheduled to deploy. FORSCOM works in coordination with the ADCS for Operations (G-3) to identify units about to deploy. G-3 manages, updates, and publishes the Dynamic Army Resourcing Priority List (DARPL) to guide equipment distribution plans and drive demands for national-level reset efforts.

**Funding.** The FY 2007 supplemental funds provided reset resources totaling \$17.1 billion with \$8.5 billion in procurement and \$8.6 billion in Operation and Maintenance. The actual obligation of funds occurs throughout the year based on the return of units and the induction of their equipment into field and depot reset sites. The Army relies on emergency supplemental appropriations to pay for the reset program because reset addresses damage and wear resulting directly from the Global War on Terrorism. In the coming years, approximately 35 units will conduct reset operations after returning from combat operations in Iraq. Reset costs for future years will depend on several factors, such as the level of force commitment; the activity level of those forces; and the amount of destroyed, damaged, or excessively worn equipment.

## Objectives

Our overall objective was to evaluate the Army's Reset Program for equipment to determine the effectiveness of the TI process for units that are completing tours in support of Operation Iraqi Freedom. Specifically, we reviewed the process that Army units went through to reset their equipment used in support of Operation Iraqi Freedom. See Appendix A for a discussion of the audit scope and methodology and Appendix B for prior coverage related to the audit objectives.

## Review of Internal Controls

We did not identify an overall Management Control Program for reset. The formal Management Control Programs for the Federal Managers Financial Integrity Act do not address the reset process as an assessable unit for any one Army organization. Each Army organization that is involved in equipment reset has its own Management Control Program and specific internal control mechanisms pertaining to reset. We did not assess the individual internal control programs in all of the Army organizations involved in reset because of time and safety constraints and the complexity of this work. However, during our review we tested some of the key controls applicable to the reset of equipment that we considered necessary to address our audit objective. Specifically, we examined TIs, reset reporting, and ARI item turn-in practices of visited units, and compared them with relevant criteria to determine whether Army units were complying with reset guidance. We also evaluated the adequacy of the Army reset guidance itself.

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Generally, management controls were in place and working effectively to ensure that the Army units we visited achieved equipment reset; however, we identified a few controls needing improvement and management attention. We describe the controls needing improvement in our report finding and recommendations.

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## Technical Inspection Process

The Army's TI process for the reset of unit equipment returning from Operation Iraqi Freedom was generally effective. However, inconsistencies occurred among redeploying units in the conduct of TIs, the granting of exemptions from automatic reset induction, and the reporting of reset equipment. This happened because guidance was:

- contradictory on when and where units should perform technical inspections,
- nonexistent on exempting equipment from automatic reset induction, and
- insufficient on uniform reporting requirements for equipment undergoing the reset process.

As a result, approximately 35 units returning from Operation Iraqi Freedom in the coming years will not use a standard method for initiating repair or replacement. Items needing to be reset may be delayed in entering the national-level reset pool. Exempting equipment reduces availability and creates difficulties in the redistribution of equipment to higher priority units. Additionally, reset status reporting may not provide decision makers with complete and consistent information.

## Technical Inspection Policy Inconsistencies

The Army's TI process for the reset of unit equipment returning from Operation Iraqi Freedom was generally effective. However, inconsistencies occurred among redeploying units in the conduct of TIs, the granting of exemptions from automatic reset induction, and the reporting of reset equipment.

## Guidance on Technical Inspections

U.S. Army units supporting Operation Iraqi Freedom performed detailed TIs to estimate costs of repair, repair part requirements, and man-hour requirements for repair of each piece of equipment. Headquarters, Department of the Army and Major Army Commands issued contradictory policy and guidance regarding when Army units were to perform TIs.

The seven Army units we visited performed some TIs in theater, but most TIs were conducted after the units returned to their home station. Four units performed TIs on some of the equipment before redeploying; however, TIs on the majority of equipment were performed at home station. One unit performed all of its TIs after returning to home station. Another unit was unable to verify whether it performed TIs in theater, but performed some TIs at home station.

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Army policy and guidance on the reset of equipment provided contradictory information to units regarding when to perform TIs. An Army regulation establishes and prescribes policies at the headquarters level. An operation order is a directive issued by a commander to subordinate commanders to effect the coordinated execution of an operation. A FRAGO is an abbreviated form of an operation order, issued as needed, that eliminates the need for restating information contained in an operation order. FRAGOs are the type of directive used most frequently at lower echelons. Therefore, an Army regulation has greater authority than an operation order or a FRAGO. For example:

- Interim Change to Army Regulation 710-2, “Property Accountability During Deployment and Redeployment,” November 22, 2005, instructs units to conduct a TI of all equipment, less those items on the ARI list, prior to redeploying to home station.
- Annex F to the FY 2007 Reset FRAGO, September 29, 2006, specifies that a TI is required for items not on the ARI list. Active component equipment not qualifying for depot-level maintenance will be shipped to a unit’s home station. The unit’s motor pool will inspect equipment, order repair parts, apply all modification work orders, and complete all maintenance actions to achieve the Technical Manual 10/20 standard.
- Memorandum of Instruction for Reconstitution and Reset of U. S. Army Forces Command Active Component Units, April 28, 2005, and the Letter of Instruction for Reset of Forces Command Active Component, March 7, 2007, states that units will conduct a TI of all equipment, less those items on the ARI list, prior to redeploying to home station. If the operational tempo precludes equipment inspection prior to loading the vessel, the inspection will be performed within 30 days of equipment arriving at home station.

Contradictions in guidance regarding when and where to perform TIs affect the overall readiness of the warfighter. Conducting TIs when the unit returns to home station allows the soldier to focus on the mission while in theater and, once home in a safe environment, perform TIs. However, performing the TIs at home station may delay equipment’s induction into the national-level maintenance reset program because it was originally assumed the equipment would require only field-level maintenance. As a result of lead times at repair facilities, equipment may not be returned in time for unit training and exercises.

We consulted with representatives from the Office of ADCS for Logistics (G-4) regarding the contradiction in the guidance between the Interim Change to Army Regulation 710-2 and Annex F to the FY 2007 Reset FRAGO. The representative agreed that the guidance is contradictory regarding when and where units should perform TIs. The audit team briefed representatives from the Offices of ADCS G-3, G-4, G-8, and AMC regarding the contradiction in the guidance. In addition, on May 31, 2007, we issued a memorandum to ADCS G-4, G-8, and AMC summarizing these areas of concern.

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## Guidance on Exemptions From Automatic Reset Induction

**Automatic Reset Induction Equipment.** A lack of guidance exists for exempting equipment from ARI. The “Property Accountability During Deployment and Redeployment” policy issued by ADCS G-3 states that units are encouraged to identify and turn in as much of the ARI equipment as possible with the goal of at least 25 percent during the redeployment process. The FY 2007 Reset FRAGO states, “While immediately shipping 100 percent of ARI list equipment may not be possible given training requirements at home station, all ARI list equipment must be turned in to AMC for repair.” We found that three of the units we reviewed shipped a minimum of 25 percent of the ARI items directly from theater.

Current reset guidance for ARI does not outline a process for exempting items from the ARI list. When a unit does not turn in all its ARI list equipment, it can potentially create asset visibility, budgetary, and equipment supply system issues.

During our review of the 101st Airborne Division, we obtained seven memorandums for the division exempting ARI equipment. We concluded the 101st Airborne did not follow published criteria and exempted some of its ARI list equipment. The 101st Airborne exemption memorandums excluded 221 pieces of equipment (listed in Appendix D), including generators and chemical monitors, from induction into the reset program. The justification for exempting the equipment was little or no usage of items in theater. The 101st Airborne Division exemption memorandums were approved by officials within the division but never by officials higher than division level. AMC, the executive agent for Reset, stated that it was unaware of units exempting items on the ARI list.

An ARI list exemption memorandum was also obtained for the 1st BCT, 10th Infantry Division, exempting 85 pieces of equipment from the reset program. These items were similar to those exempted by the 101st Airborne Division. The units exempted the equipment because they used it only a little or not at all while deployed in theater. See Appendix D for a list of specific items exempted.

During our review of the 1st Stryker Brigade Combat Team (SBCT) at Fort Wainwright and the 4th BCT at Fort Stewart, we found that generators listed as ARI equipment were not sent to the depots, and exemption memorandums were not drafted by the units. In each case, unit representatives determined that the generators could be maintained at home station. For example, the 1st SBCT at Fort Wainwright exempted 41 generators.

In Summary, units did not turn in all their ARI list equipment for national-level reset generally due to lack of or minimal use of the equipment. According to AMC, some unit commanders decide not to turn in ARI list equipment because of their uncertainty about whether the equipment will be returned in a timely manner to meet their training requirements.



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**Army Forces Generation.** Under the Army Forces Generation (ARFORGEN<sup>1</sup>) model, the Army goal is to provide every unit 100-percent fill of requirements on the standardized Modified Table of Organization and Equipment. The ADCS G-3 determines which units to equip using the DARPL.<sup>2</sup> Under ARFORGEN, all equipment is considered Army equipment and is positioned to best support the National Military Strategy.

One purpose of equipping units using DARPL is to overcome shortfalls through equipment maneuver and reuse in accordance with ADCS G-3 priorities. Exempting equipment creates difficulties for redistributing equipment to higher priority units. Units that keep their own equipment for reasons of low or no usage circumvent ARFORGEN.

In the Army's FY 2006 annual assurance statement, the Department identified visibility of equipment transferred between theaters or areas of responsibility as a weakness requiring attention. This weakness could jeopardize readiness in deploying units if equipment cannot be found to meet all their training requirements. Also, AMC stated it is not completely aware of exemptions to equipment on the ARI list. When asset visibility problems are accompanied by exemptions made without full notification to AMC, implementing ARFORGEN and equipping newly deploying units both become difficult. AMC, as the executive agent for the Reset Program, should track items that are not turned in.

Exemptions also lead to budgetary problems. For example, if a depot is budgeted to repair 1,000 generators, and only 800 arrive at the depot because a unit decided to exempt 200 generators, this can cause a budget problem. This same decrease in the number of items arriving in the national-level reset program can also cause an adverse effect on the number of parts already planned for and possibly ordered for the reset of the exempted generators.

## Guidance for Reporting Reset Equipment

We identified equipment reporting guidance for Army units redeploying from Operation Iraqi Freedom, but it was insufficient on uniform reporting requirements for equipment undergoing the reset process. This guidance included Annexes E and F of the April 28, 2005, FORSCOM Memorandum of Instruction and the Army ARI list.

- Annex E provides a spreadsheet format for reporting equipment being reset. The annex requires units to report total items to be reconstituted and the percentages of that total that were completed during each weekly reporting period and that were completed in total.
- Annex F provides guidance on equipment categories to be included in

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<sup>1</sup> ARFORGEN is a structured progression of increased unit readiness over time, resulting in availability of trained, ready, and cohesive units prepared for operational deployment in support of regional combatant commanders' requirements.

<sup>2</sup> The Department of the Army G-3 sets priorities for equipment fills and maneuver using DARPL.

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field-level reset reporting. The 12 categories mentioned in the annex are general, such as weapons, communications equipment, and soldier support equipment. The guidance gives no criteria for reporting individual items.

- AMC directs Army units to induct all items included on the ARI list into the national-level reset program. The ARI list is specific down to the equipment line item; however, the list identifies only equipment for the national-level reset program and does not identify any equipment that should be inducted into the field-level reset program. Additionally, units have the ability to request induction of field-level items (not on the ARI list) into the national-level reset program if they decide that field-level repair will not be sufficient.

We asked officials from six of the seven Army units we visited to provide us with a list of the equipment they redeployed from Operation Iraqi Freedom and processed for reset. We found some very clear differences between those units reset reporting practices. The Army units we visited were reporting different numbers of total items for reset. Three units we visited reported all the redeployed equipment, while the remaining three units we visited only reported items that the unit commander determined were maintenance significant items. Maintenance significant items were identified as items requiring maintenance higher than the immediate user.

The 1st and 3rd BCTs at Ft. Campbell, Kentucky, and the 553rd Combat Support Battalion headquarters company at Ft. Hood, Texas, reported all the equipment that they brought back from Operation Iraqi Freedom. By contrast, the 1st BCT, 10th Infantry Division at Ft. Drum, New York, the 1st SBCT, 25th Infantry Division at Ft. Wainwright, Alaska, and the 4th Heavy Brigade Combat Team (HBCT), 3rd Infantry Division at Ft. Stewart, Georgia, reported only items that they determined were maintenance significant, which were only a subset of the equipment they brought back from Iraq. The method for determining which equipment items were significant depended on the judgment of the local Army unit decision makers.

Army guidance was available for units to identify equipment for reset reporting, but some of the guidance was very general and subject to interpretation. We noted that the 1st BCT at the 10th Infantry Division at Ft. Drum, for example, did not include chemical protective masks, reeling devices, or computer and office equipment in its reset reporting. Failure of Army units to include the same or similar items in the universe for reset reporting may prevent senior Army officials from having a complete understanding of the operational status of items not reported, which may include safety-critical or mission-critical equipment. Chemical protective masks can be critical to the safety of soldiers confronted with an operational nuclear, biological or chemical environment. Reeling devices are needed to remove communications wiring prior to redeployment. Computers and office equipment, although they are commercial items that can be easily replaced, are critical to achieve management oversight, command, and control of military operations. These items could have been damaged during the deployment, yet they were not reported.

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An important implication of the variation among units in the items reported is that Army officials may not have accurate information for comparing how far along in the reset process one unit is over another. Thus, the data and methods used for calculating and reporting reset completion and detailing equipment status were not uniform, complete, or available to Army officials who were responsible for developing deployment packages; arranging for theater provided equipment prior to or on arrival in theater; and making other deployment, redeployment, and reset-related decisions. Uniform, consistent, complete, and accurate data facilitate good decision making and efficient deployment, redeployment, repair, and reset operations.

Flexibility of units to send additional items for national-level reset was included in the guidance because units do not all have the same missions, authorized Modified Table of Organizational Equipment equipment sets, personnel abilities, or repair facilities and capabilities. Because of these differences among units, equipment that cannot be sufficiently reset through the field-level reset program may need to be inducted into the national-level reset program.

## **Other Matter of Interest**

Under the Army's plan for modularity, units no longer deploy only as large divisions. Today's force structure allows the Army the flexibility of deploying BCTs with different capabilities that are then supplemented by smaller support elements or individual augmentees to fulfill the BCTs' mission.

We visited one support element during this review, the 553rd Combat Support Battalion, at Fort Hood, Texas. We found that this smaller subordinate unit, which was not permanently assigned to the BCT it supported during its Operation Iraqi Freedom tour, did not receive information regarding roles and responsibilities for executing the reset process before leaving theater. However, similar types of units permanently attached to other BCTs, based on their Table of Organization and Equipment, are assured oversight to include reset guidance because their higher headquarters have a vested interest in reporting readiness as a division.

Because modularity allows units to be temporarily attached to an organic unit to support mission requirements, information may not be relayed to the subordinate units and can be overlooked. The lack of knowledge transfer creates confusion, which also delays the process and increases time and expense. For example, because the 553rd Combat Support Battalion did not receive timely guidance pertaining to the reset program, the unit did not perform TIs of equipment until 60 days after returning to home station. Command emphasis on relaying reset guidance to subordinate units down to the Company level would alleviate the problem and ensure continuity of operations.

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## Conclusion

Approximately 35 units returning from Operation Iraqi Freedom in the coming years will not use a standard method for initiating repair or replacement. Items needing reset may be delayed in entering the national-level reset pool. Exempting equipment reduces availability and creates difficulties in the redistribution of equipment to higher priority units. Additionally, reset status reporting may not provide decision makers with complete and consistent information.

## Recommendations, Management Comments, and Audit Response

**Redirected and Renumbered Recommendations.** As a result of management comments, we redirected Draft Recommendation 2. to the Army Deputy Chief of Staff for Logistics (G-4) and renumbered the recommendations. Draft Recommendations 1.a., 1.b., and 2. have been renumbered as Recommendations 1., 2., and 3.

**We recommend that the Army Deputy Chief of Staff for Logistics (G-4):**

- 1. Establish clear policy that allows consistent application by Army units on when and where units will perform technical inspections.**
- 2. Establish uniform reporting criteria to ensure that Army officials receive consistent equipment readiness information for monitoring progress during the reset process.**
- 3. Establish policy directing units to seek approval from the U.S. Army Materiel Command for equipment exemptions from the Automatic Reset Induction list.**

**Army Deputy Chief of Staff for Logistics (G-4) Comments.** The Director of Maintenance, responding for the Army Deputy Chief of Staff for Logistics (G-4), concurred with Draft Recommendations 1.a. and 1.b. addressed to the Army Deputy Chief of Staff for Logistics (G-4) and with the intent of Draft Recommendation 2. addressed to the U.S. Army Materiel Command (now directed to the Army Deputy Chief of Staff for Logistics (G-4)). The Director of Maintenance stated that the Army Deputy Chief of Staff for Logistics (G-4) will develop clear and consistent guidance on when and where units complete technical inspections, establish uniform criteria for reporting reset progress, and provide a policy on exempting equipment from the ARI list. The guidance and criteria will be included in the FY 2008 Reset FRAGO.

**Audit Response.** The comments of the Director of Maintenance are responsive for Draft Recommendations 1.a. and 1.b. In addition, the Army Deputy Chief of Staff for Logistics (G-4) accepted responsibility for Draft Recommendation 2. and agreed to provide guidance and criteria in the FY 2008 Reset FRAGO. We

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request that the Army Deputy Chief of Staff for Logistics (G-4) comment on redirected Recommendation 3.

**U.S. Army Materiel Command Comments.** The Director, Internal Review and Audit Compliance Office, responding for the Commander, U.S. Army Materiel Command, nonconcurred with Draft Recommendation 2. The Director indicated that the recommendation should be redirected to the Army Deputy Chief of Staff for Logistics (G-4) because the Army Deputy Chief of Staff for Logistics, not U.S. Army Materiel Command, establishes the policy for the Automatic Reset Induction list.

**Audit Response.** We agreed with the Director, Internal Review and Audit Compliance Office. We redirected Draft Recommendation 2. to the Army Deputy Chief of Staff for Logistics (G-4).

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## Appendix A. Scope and Methodology

We conducted this performance audit, from August 2006 through August 2007 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We evaluated the Army's reset program for equipment to determine the effectiveness of the technical inspection process for those units that are completing their tour in support of Operation Iraqi Freedom. Although TIs were the announced objective, we reviewed other aspects of the reset process as well.

**Audit Reannouncement.** The original announcement letter stated the audit objective was to evaluate the Army's Reset Program for ground vehicles to determine the effectiveness of the TI process for units that are completing tours in support of Operation Iraqi Freedom. During our preliminary work we found that limiting the review to ground vehicles would not provide senior Army officials sufficient information to help in their decision making process. The audit was reannounced in January 2007 expanding the objective to include Army equipment.

**Unit Selection.** The United States Army currently contains 10 Division Operational Commands consisting of 40 BCTs. We determined that sampling a BCT sized unit was the best course of action based on our meeting with the Army Deputy Chief of Staff for Operations (G-3), the Army Deputy Chief of Staff for Logistics (G-4), and the Army Deputy Chief of Staff for Programs (G-8). We reviewed at least one unit from each of the three types of BCTs: Infantry, Stryker, and Heavy.

The United States Central Command provided the audit team with a schedule of Army units supporting Operation Iraqi Freedom known as the "patch chart." In order to gain an understanding of the TI and reset processes, the audit team identified units that have been redeployed to their home stations and have either recently completed or are undergoing the reset process as well as a unit in theater preparing to redeploy to their home station and in the planning stages of reset.

**Units Reviewed.** We reviewed units that were either undergoing or have recently completed the reset process within the last 12 months. We judgmentally selected seven units for our review:

- 1st BCT, 101st Airborne Division, Ft. Campbell, Kentucky
- 3rd BCT, 101st Airborne Division, Ft. Campbell, Kentucky
- 1st BCT, 10th Mountain Division, Ft. Drum, New York
- 1st BCT, 25th Infantry Division, Ft. Wainwright, Alaska

- 
- 4th BCT, 3rd Infantry Division, Ft. Stewart, Georgia
  - 3rd BCT, 2nd Infantry Division, Baghdad, Iraq
  - 553rd Combat Support Battalion, Ft. Hood, Texas

Based on a recommendation from a senior Army official at Coalition Forces Land Component Command, we also included one Combat Support Battalion, the 553rd Combat Support Battalion, in our review. To gain an understanding of the entire process, we visited with AMC and Coalition Forces Land Component Command activities in Kuwait that were helping units redeploy to their home stations.

Between January 2007 and August 2007, we interviewed personnel from seven units. We prepared a list of standardized questions designed to assist us with obtaining consistent results about the TI and reset process.

**Technical Inspections.** In order to review TIs, we selected a sample from each of the categories in the Army Reset Report provided to Congress on June 10, 2005, based on equipment lists provided by the units. These categories include:

- Aircraft, Aircraft Materiel;
- Ammunition, Weapons, and Tracked Combat Vehicles, Special Weapons;
- Combat Vehicles;
- Mobility, Tactical, and Support Vehicles, Vehicular Components;
- Communications and Electronics Equipment;
- Communications Security;
- Ground Forces Support Materiel;
- Missiles, Missile Materiel;
- Stryker; and
- Other.

**Criteria.** We reviewed the following publications, memorandums, operation orders, and FRAGOs developed by the Department of the Army, and Army Materiel Command to determine the effectiveness of the TI and reset processes.

- Department of the Army Operation Order, “Setting the Force,” May 15, 2003;

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- Department of the Army FRAGO, “RESET FRAGO,” October 6, 2005; Department of the Army Fragmentary Order, “FY07 RESET FRAGO,” September 29, 2006;
  - Department of the Army Memorandum, “Army Campaign Plan, Change 4,” July 27, 2006; Department of the Army Memorandum, “Memorandum of Instruction for Reconstitution and Reset of FORSCOM Active Component Units,” April 28, 2005; Department of the Army Memorandum, “Letter of Instruction for RESET of Forces Command Active Component (Change 1),” March 7, 2007;
  - Interim change to Army Regulation 710-2, “Property Accountability During Deployment and Redeployment,” November 22, 2005, which provides guidance on TIs, Left Behind Equipment, and Theater Provided Equipment;
  - Army Materiel Command Memorandum, “AMC RESET OPLAN FRAGO 1,” May 4, 2005; and
  - Army Reset Report to Congress as Required by the House Appropriations Committee on Defense, Report 109-119, June 10, 2005.

**Significant Meetings.** We interviewed personnel from the United States Central Command; the Army Central Command; the Army Materiel Command; the Army Forces Command; the Coalition Forces Land Component Command; the Army Deputy Chief of Staff for Operations (G-3); the Army Deputy Chief of Staff for Logistics (G-4); and the Army Deputy Chief of Staff for Programs (G-8) to determine the scope and responsibilities for their programs as they relate to TIs and the reset process.

To gain a better understanding of the scope of operations, the audit team attended the AMC reset conferences held October 2006 and March 2007. Members of the audit team also viewed the reset processes performed at Camp Arifjan, Kuwait, a main hub for units redeploying to their home stations.

**Use of Computer-Processed Data.** To achieve our audit objectives, we used computer-processed data to obtain equipment lists in the form of Microsoft Excel spreadsheets. From these spreadsheets, the audit team reviewed selected TIs for pieces of equipment. This data did not influence the results of the audit findings.

**Use of Technical Assistance.** We consulted with the Office of Inspector General Quantitative Methods Directorate about developing a sample of units to review. Because the BCT selection was a time-driven process, we determined that a statistical sample would not be appropriate.

**Government Accountability Office High-Risk Area.** The Government Accountability Office identified several high-risk areas in the DoD. This report provides coverage of the DoD Supply Chain Management high-risk area.



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## Appendix B. Prior Audit Coverage

During the last 5 years, the Government Accountability Office (GAO) and the Army Audit Agency (AAA) have issued seven reports discussing the reset process. Unrestricted GAO and AAA reports can be accessed over the Internet at <http://www.gao.gov> and <https://www.aaa.army.mil>.

### GAO

GAO Testimony No. GAO-07-439T, “Defense Logistics: Preliminary Observations on the Army’s Implementation of Its Equipment Reset Strategies,” January 31, 2007

GAO Testimony No. GAO-06-604T, “Preliminary Observations on Equipment Reset Challenges and Issues for the Army and Marine Corps,” March 30, 2006

GAO Report No. GAO-05-767, “DoD Should Consider All Funds Requested for the War When Determining Needs and Covering Expenses,” September 28, 2005

GAO Report No. GAO-05-427, “Better Management and Oversight of Prepositioning Programs Needed to Reduce Risk and Improve Programs,” September 6, 2005

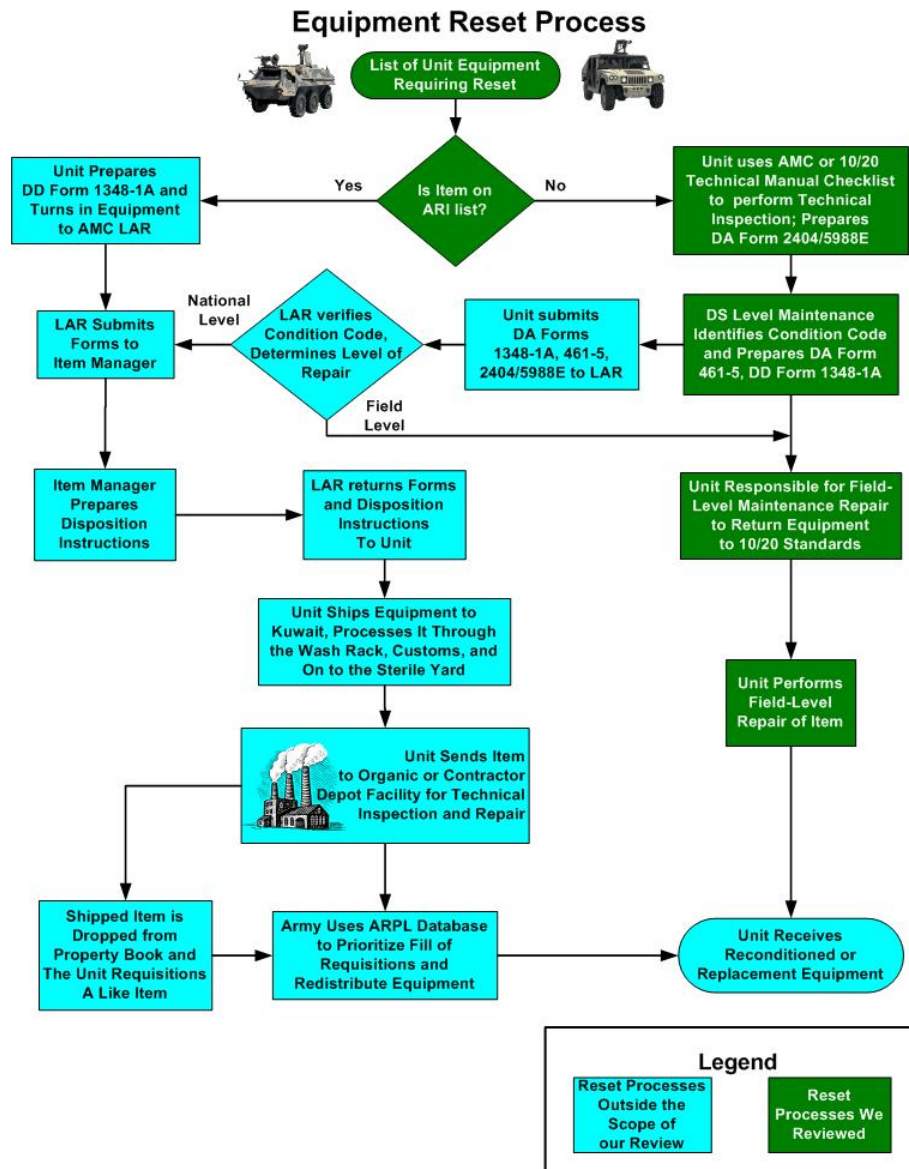
GAO Report No. GAO-05-660, “An Integrated Plan is Needed to Address Army Reserve Personnel and Equipment Shortages,” July 12, 2005

GAO Report No. GAO-05-293, “Processes to Estimate and Track Equipment Reconstitution Costs Can Be Improved,” May 5, 2005

### Army

AAA Report No. A-2006-0086-ALM, “Coordination Between Local and National Level Reset: Fort Hood, Texas,” March 30, 2006

## Appendix C. Reset Process



ARPL     Army Resource Priority List  
 DA       Department of the Army  
 DD       Department of Defense  
 DS       Direct Support  
 LAR      Logistics Assistance Representative

## Appendix D. Automatic Reset Induction Exemptions by Unit

The table shows items on the ARI list that were exempted from the national-level reset program using signed memorandums. We also found some items at the 1st SBCT, Ft. Wainwright, Alaska, and at the 4th BCT, 3rd Infantry Division, Ft. Stewart, Georgia, that were not sent to the national-level reset program, but because no exemption memorandums had been prepared and signed for those items, they are not shown below.

<u>LIN</u>	<u>Nomenclature</u>	<u>1st BCT, 10th ID</u>	<u>101st Airborne*</u>	<u>Total</u>
C05701	IMPROVED CHEM AGT MON	79	51	130
G18358	GEN ST MEP 831		65	65
G11966	GEN ST DSL MEP-802A		17	17
G36237	GEN SET MEP MOD 501-A		13	13
V98788	HYP-57/TSEC		12	12
G53778	GEN SET DED TM:PU-802		9	9
C07506	SHELTER INFLATABLE	6	3	9
G42170	GEN SET PU-798		6	6
T49255	MHE 270 4K FORKLIFT		6	6
G02341	AN/PSS-12 MINE DETECTORS		4	4
G35851	PU-803		4	4
G42238	GEN PU 797		4	4
G74711	MEP 803A		4	4
S75175	M129A4 VAN		4	4
X62237	TRUCK VAN EXP, M934A2		4	4
H01907	ELEC SHOP AN/ASM-146		3	3
H01912	AN/ASM-147 ESV SHELTER		3	3
G12170	MEP 804A		2	2
H01855	AN/ASM 189 ESV		2	2
J35492	PU-405		2	2
C36151	CRANE WHEEL MTD		1	1
H01857	AN/ASM 190 ESV		1	1
P28083	POWER PLANT AN/MJQ-35		1	1
<b>TOTAL</b>		<b>85</b>	<b>221</b>	<b>306</b>

\* Exemptions listed represent the aggregate for the entire 101st Airborne Division.

BCT Brigade Combat Team

ID Infantry Division

SBCT Stryker Brigade Combat Team

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## **Appendix E. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense for Acquisition, Technology, and Logistics  
Under Secretary of Defense (Comptroller)/Chief Financial Officer  
Deputy Chief Financial Officer  
Deputy Comptroller (Program/Budget)  
Under Secretary of Defense for Personnel and Readiness  
Director, Administration Management  
Director, Program Analysis and Evaluation

### **Joint Staff**

Director, Joint Staff

### **Department of the Army**

Assistant Secretary of the Army for Acquisition, Logistics, and Technology  
Assistant Secretary of the Army (Financial Management and Comptroller)  
Auditor General, Department of the Army  
Army Deputy Chief of Staff for Operations, G-3  
Army Deputy Chief of Staff for Logistics, G-4  
Army Deputy Chief of Staff for Programs, G-8  
Commander, U.S. Army Forces Command  
Commander, U.S. Army Materiel Command

### **Department of the Navy**

Naval Inspector General  
Auditor General, Department of the Navy

### **Department of the Air Force**

Assistant Secretary of the Air Force (Financial Management and Comptroller)  
Auditor General, Department of the Air Force

### **Combatant Commands**

Inspector General, U.S. Joint Forces Command  
Commander, U.S. Central Command  
Inspector General, U.S. Central Command  
Commander, U.S. Pacific Command  
Commander, U.S. European Command

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## **Other Defense Organizations**

Director, Defense Logistics Agency

## **Non-Defense Federal Organization**

Office of Management and Budget

## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations

Senate Subcommittee on Defense, Committee on Appropriations

Senate Committee on Armed Services

Senate Committee on Homeland Security and Governmental Affairs

House Committee on Appropriations

House Subcommittee on Defense, Committee on Appropriations

House Committee on Armed Services

House Subcommittee on Oversight and Investigations, Committee on Armed Services

House Committee on Oversight and Government Reform

House Subcommittee on National Security and Foreign Affairs, Committee on Oversight and Government Reform

# Army Deputy Chief of Staff for Logistics (G-4) Comments

Final Report  
Reference



DEPARTMENT OF THE ARMY  
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-4  
500 ARMY PENTAGON  
WASHINGTON, DC 20310-0500

DALO-MNN

02 NOV 2007

MEMORANDUM THRU DEPUTY CHIEF OF STAFF, G-4, 500 ARMY PENTAGON,  
WASHINGTON, D.C., 20310

FOR UNITED STATES DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR  
GENERAL (DODIG), 400 ARMY NAVY DRIVE, ARLINGTON, VA, 22202

SUBJECT: Report on the Inspection Process of the Army Reset Program for  
Equipment for Units Returning From Operation Iraqi Freedom (Project No. D2006-  
D000LH-0246.000

1. This is the Official Army Position, on subject report, to the DODIG's request for review and comment by the Office of the Deputy Chief of Staff, G-4 (ODCS, G-4).
2. The ODCS, G-4 concurs with recommendation #1 that the ODCS, G-4 establish clear and consistent policy guiding when and where units will perform technical inspections and establish uniform criteria for reporting reset progress. The ODCS, G-4 will provide this guidance in the FY08 Reset FRAGO.
3. The ODCS, G-4 concurs with the intent of recommendation #2. However, ODCS, G-4 believes that in lieu of Headquarters Army Materiel Command establishing the Automatic Reset Induction equipment exemption policy, the ODCS, G-4 should establish such policy. The ODCS, G-4 will provide this policy in the FY08 Reset FRAGO.
4. The point of contact is Mr. Matthew Adams, (703) 614-4173 or email: matthew.adams2@hqda.army.mil

\* Should be  
DA policy

DAVID E. CAMPBELL  
Director of Maintenance

Redirected  
and  
renumbered  
as Recommendation 3.

# U.S. Army Materiel Command Comments



DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND  
9301 CHAPEK ROAD  
FORT BELVOIR, VA 22060-5527

AMCIR

16 October 2007

MEMORANDUM FOR Mr. David Lawson, Chief, The Army Audit Liaison Office, U.S. Army Audit Agency, 3101 Park Center Drive, Alexandria, VA 22302-1596

SUBJECT: DODIG DRAFT REPORT (Project No D2007-D000LH-0246.000): Report on The Army Reset Program for Equipment for Units Returning from Operation Iraqi Freedom (AMC No. D0636)

1. Headquarters, U.S. Army Materiel Command (HQAMC) have reviewed the subject draft report and nonconcur with the recommendation. Comments are enclosed.
2. HQ AMC point of contact for this action is Mr. Gary Irving, commercial (703) 806-9844, DSN: 656-9844, or email address [gary.irving@us.army.mil](mailto:gary.irving@us.army.mil).

FOR THE COMMANDER:

Encl

*Susan C. McCoy*  
SUSAN C. McCOY  
Director, Internal Review and  
Audit Compliance Office

COMMAND REPLY  
Project No. D2006-D000LH-0246.000  
Draft Report on the Army Reset Program for Equipment for Units Returning From  
Operation Iraqi Freedom

For the Commander, U.S. Army Materiel Command

**Recommendation 2:** The Commander of the Army Materiel Command (AMC) establishes policy directing units to seek approval from the Army Materiel Command for equipment exemptions from the Automatic Reset Induction (ARI) list.

**Command Comments.** Nonconcur. This recommendation should be redirected to HQDA G-4, because AMC does not establish nor publish the policy for the ARI list as that is a HQDA, G-4 function. AMC has provided the suggested information to be written and published for policy through HQDA G-4 for ARI list procedure and exemptions.

Redirected  
and  
renumbered  
as Recommendation 3.

Enclosed





## **Team Members**

The Department of Defense Office of the Deputy Inspector General for Auditing, Readiness and Operations Support prepared this report. Personnel of the Department of Defense Office of Inspector General who contributed to the report are listed below.

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# Inspector General Department of Defense